would take to really thwart their attempts?

SHRI MANMOHAN SINGH: With regard to the reforms in the judicial system, I have nothing to say. This particular question relates to the... *(Interruptions)*...

SHRI GURUDAS DAS GUPTA: I know that the hon. Finance Minister will not take any steps to change the judicial system. But he can take some steps with regard to the financial system.

SHRI MANMOHAN SINGH: As far as these legalities are concerned, we have strengthened the Reserve Bank of India's supervisory role. We are going to strengthen the internal control mechanism in the bank. There will be much much frequent supervision of Indian banks including foreign banks. I do hope that in future, these things will not occur.

With regard to the amendment of the Foreign Exchange Regulation Act which the hon. Member has mentioned, certain exercises have been undertaken and this is a changing situation. The Foreign Exchange Regulation Act was passed in 1973. Since then much water has flowed down the river, Ganga. Therefore, in the light of the changing economic situation, I think it is quite possible that changes would be necessary. When the Government makes up its mind, we will come before the House and share this information with the House.

SHRI VAYALAR RAVI: Mr. Chairman, Sir, these foreign banks, especially the Standard Chartered Bank, were the main instruments behind the whole securities scam. They were behind its beginning. A series of reports used to come that they indulged in foreign exchange violations as well as encouraging unwanted practices in the field of banking and economic activity. In this connection, would like to know from the hon. Minister whether apart from the crimina prosecution in respect of the offences, he proposes to initiate steps to even cance their licences, not in toto, but in some branches. There should be some kinc of punishment so that you can make them feel that they cannot get away with wha ever wrong they do to the Indian econ omy. The Standard Chartered Bank es pecially, is No. 1 in the criminality list. *(Interruptions)*

SHRI MANMOHAN SINGH: I thin cancellation of licence is an extreme measure and one has to weigh the pros and cons of the various irregularitie and illegalities. I cannot say, as a class, that I am going to cancel the licence of any bank.

Non-official Directorate in Nationalised Banks

*2. SHRI PRAGADA KOTAIAH: Will the Minister of FINANCE be pleased to refer to Unstarred Question 2004 given in the Rajya Sabha on 20th December, 1994 and state:

(a) the steps taken so far by Government for filling up the vacancies of non-official Directors in various nationalised Banks;

(b) the number of vacancies filled up so far along with those yet to be filled up; and

(c) by when the remaining vacancies are likely to be filled up?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) A Statement is laid on the Table of the House.

Statement

The names of Non-Official Directors to be appointed on the Boards of 1 Nationalised Banks have recently been approved. Clearances from four agencies i.e. Income Tax, Excise, Custom

and Foreign. Exchange Regulation Act have been sought. Besides, ommunications have been sent to all the approved persons to give their consent, declaration etc. On completion of all the required formalities, notifications are to be issued.

Appointment of existing Non-Official Directors on the Boards of Nationalised Banks had been madein accordance with the procedures and criteria prescribed in the Nationalised Banks (Management and Miscellaneous Provisions) Schemes, 1970 and 1980. The said schemes provided for appointment of 9 Directors on each Bank's Board. At present, there are 83 Non-Official Directors on the Boards of 19 Nationalised Banks.

Certain provisions of the Banking companies (Acquisition and Transfer of Undertakings) Act, 1970 & 1980, had been amended in 1994. These amendments inter-alia provide that there shall be 7 Non-Official Directors on each Bank's Board (instead of 9 at present). Appointment of new Non-Official Directors shall be made in terms of these amended provisions.

SHRI PRAGADA KOTAIAH: Mr. Chairman, Sir, according to the answer furnished by the hon. Minister, there are 19 nationalised banks and seven non-official directors are to be nominated on the board of directors of each bank. That comes to 133. As against 133 non-official directors to be appointed, the answer says that 83 names only have been finalised and they are to be appointed in the near future after obtaining confirmation from certain departments. I would like to know when the remaining 50 non-official directors will be selected and appointed on the boards of the several banks. Also, is it not a fact that some directors of certain banks in Andhra Pradesh are continuing for more than 10 years? Is there any possibility of nominating new persons in their place?

The second thing is, handloom weavers come next to agriculturists in the matter of borrowings from all the nationalised banks, either in respect of DRDA loans or in respect of DRI loans. Is there any representation on the boards of the nationalised banks, particularly in Andhra Pradesh?

SHRI M. V. CHANDRASHEKHAR MURTHY: Sir, so far we have finalised and approved 113 names as non-official directors of certain banks. Clearance from departments like the Income-tex Department has been sought. Besides, consent and declaration from the approved persons are also required. After completion of all these formalities, the notification will be issued. As on date, we have received consent and declaration in respect of 20 persons nominated so far.

As regards nomination of non-official directors from handloom weavers, as per the Banking Companies (Amendment) Act, 1994, there shall be seven non-official directors, one of them being a Chartered Accountant of not less than 15 years' experience, to be nominated by the Central Government. It further says, "The remaining persons having special knowledge or practical experience in respect of one or more of the following matters:". Even artisans and handloom weavers are included in this category.

MR. CHAIRMAN: Second supplementary.

SHRI PRAGADA KOTAIAH: There is no direct answer to my questions, Sir. As against 133 non-official directors to be appointed by the Government, why have only 83 been finalised? What is the reason? Is there any dearth of persons who have sufficient experience in banking? The other thing is, handloom weavers come next to agriculturists in the matter of borrowings from nationalised banks, either DRDA loans or DRI loans. why have the handloom weavers who have got sufficient experience in banking and co-operatives have not been appointed in the nationalised banks? Another thing is that, from the experience of the last ten years, we find that certain people are continuing as directors in Andhra Pra-

desh. Is there any proposal to remove them or replace them by new people?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Chairman, Sir, it is not that 83 non-official directors alone are being appointed. At present, there are 83 non-official directors on nineteen nationalised banks. We have got approval from the Appointments Committee of the Cabinet for 131 non-official directors out of the 133 that we proposed to appoint, that is, seven for each nationalised bank. In all these cases, we have to get clearances from the concerned agencies—the Income-tax, the Excise, the Foreign Exchange Regulation Act, the Customs. This process is underway and once this process is completed, very shortly, all the 131 directors will be in position and when they are in position, those who have been holding offices whether in Andhra Bank or in any other bank, will cease to hold office.

SHRI PRAGADA KOTAIAH : What about the appointment of the representatives of the handloom weavers on the Board of Dirctors of these banks?

SHRI MANMOHAN SINGH : In choosing the non-official directors, due care is taken to give representation to various classes including representatives of the handloom weavers, farmers and artisans. All these considerations are kept in view.

SHRI RAM RATAN RAM : I want to know as to how many members from the SC/ST category have been appointed as directors on the Board of nationalised banks.

SHRI MANMOHAN SINGH: We are yet to complete this process of verification. When we announce the list of these directors, we will be very happy to answer that question on that particular occasion. As of now, I don't have this inormation.

SHRI SANGH PRIYA GAUTAM : This is a direct question. The hon. Member asked as to how many members belonging to the SC/ST category have been appointed as directors in the nationalised banks. Please answer this question clearly. To my knowledge, there is not even a single member in the nationalised banks belonging to this community.

SHRI MANMOHAN SINGH: I need a separate notice for this.

MR. CHAIRMAN: He doesn't have the information right now.

SHRI RAM RATAN RAM: One more question.

MR. CHAIRMAN : Only one question is there.

SHRI JAGESH DESAI : Sir, an assurance was given by the former Finance Minister. I was Chairman of the Committee on Government Assurances and this problem was discussed threadbare in that Committee. At that time also, 50 per cent vacancies of the non-official directors on banks were there. When Prof. Dandavate was the Finance Minister, he had assured this House that within six months, all the vacancies would be filled. But, what I am saying is that we are in the same position today in which we were four or five years ago. I am happy that the present Finance Minister has taken some steps and now the clearance is required. But, will the Finance Minister assure us that within a span of three months whatever names have been cleared, the notification will be issued in that respect and wherever it is required, you will withold that? But, at least, there should be non-official directors on the banks so that the grievances of the people could be heard and banks are able to give prompt attention to the grievances of the people at large and their problems can be solved. I would like to know whether the Finance Minister will look into it and will issue notification in respect of those names which have been cleared.

SHRI MANMOHAN SINGH: I expect that the process of verification will be completed much before three months.

SHRI GUNDAPPA KORWAR: What is the criteria to nominate the directors of the nationalised banks? We have got

information that there is no representation for the SC/ST. Is there any proposal before the Government to give representation to the SC|ST?

SHRI MANMOHAN SINGH: Sir, I can state unambiguously that the Government are mindful of the need to have adequate representation for the Scheduled Castes and Scheduled Tribes on the Boards of nationalised banks and this fact has been kept in view in finalising the list of new Directors.

श्रीमती सुषमा स्वराज : सभापति जी, मंत्री जी ने अपने लिखित जवाब में कहा है कि इस समय 19 राष्ट्रीयकृत बैंकों के बोर्डों में 83 गैर सरकारी निदेशक हैं और साथ ही में यह कहा है कि उक्त स्कीम में 9 निदेशकों की नियुक्ति का पर बोर्ड प्रावधान था। यानी 19 राष्ट्रीयकृत बैंक और हर बैंक के बोर्ड पर 9 व्यक्ति, इसके मायने 171 लोग यानी 171 नॉन आफिशियल डायरेक्टर्स होने चाहिये थे, लेकिन जिसके अगेंस्ट 83 नान-आफिशियल डायरेक्टर्स थे। इसका मतलब है कि 78 पद वर्षों तक खाली पड़े रहे। अब पहले तो मैं मंत्री महोदय से यह जानना चाहती हूं कि ये 78 नियुक्तियां न होने के क्या कारण थे? और साथ ही उन्होंने अब अमेंडमेंट कर के संख्या घटा कर 7 पर बोर्ड कर दिया यानी 9 की जगह संख्या 7 कर दी है, तो क्या लोग उपलब्ध नहीं थे और इस संख्या को घटाने के क्या कारण हैं ? इस संख्या के हिसाब से 133 डायरेक्टर्स बनते हैं और उन्होंने कहा है कि केबिनेट ने 131 लोगों की क्लीयरेंस दिया है, क्या कारण है कि इसमें भी दो नियुक्तियां कम की गई है ?

इसके साथ ही महोदय, मैं यह जानना चाहती हूं कि नॉन-आफिशियल डायरेक्टर्स की एप्वायंटमेंट में शैडयूल्ड कास्ट्स और बैकवर्ड क्लास का कोई कोटा निर्धारित किया गया है और कितने आदमी नियुक्त किये गये यह तो इन्होंने नहीं बताया, लेकिन क्या कोई कोटा आरक्षित किया गया है कि आउट आफ् आल दिस इतने हरिजन, इतने बैकवर्ड होंगे ? साथ ही मैं यह भी जानना चाहती हूं कि क्या कोई महिला कोटा भी आरक्षित किया गया है अथवा नहीं?

SHRI MANMOHAN SINGH: Sir, the number of directors to be appointed on the Board has to be in conformity with the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and 1980 which was amended in 1994. As per that amendment, the number of Non-Official Directors will not be nine, but seven.

SHRIMATI SUSHMA SWARAJ: I have asked the reason for making the amendment. That I have already read because you have written it.

SHRI MANMOHAN SINGH: Sir, the law has been passed by Parliament only last year. So, we have to act in conformity with the law.

SHRIMATI SUSHMA SWARAJ: Prior to 1994, the number was nine. That means, (19x9), 171 was the requisite number... (*Interruptions*)...

SHRI MANMOHAN SINGH: Prior to 1994, there were vacancies on the Board. Since the term of all the members of the Board of Directors has expired, we have submitted proposals to the A.C.C. to approve the names of new members of the Board of Directors. That approval has not been received and, therefore, all the appointments will be made... (*Interruptions*)...

SHRIMATI SUSHMA SWARAJ: Sir, that is not the answer to my question. My question was direct. - 78 पद जो खाली पड़े रहे वे खाली पड़े रखने का क्या कारण था ? 1994 से पहले संख्या 9 पर बोर्ड थी, 1994 के अमेंडमेंट को छोड़ दीजिये उससे पहले हर बोर्ड पर 9 लोग होने चाहिये थे, 19 बैंक थे तो इसके मायने 171 नान-आफिशियल डायरेक्टर्स होने चाहिये थे और आपने केवल 83 एप्वायंट किये तो 78 एप्वायंटमेंट्स जो खाली पड़ी रहीं उसके क्या कारण हैं ?

MR. CHAIRMAN: Please sit down. Dr. Ashok Mitra.

SHRI VIREN J. SHAH: Sir, her question is a very straight-forward one. The Minister should be asked to reply to it. The question is direct. The hon. Minister may be requested to reply to that, prior to 1994 why it was not done. He must give the reasons.

SHRI MANMOHAN SINGH: Sir, I have already menttoned that we do not think it necessary to fill up these vacancies because we were in the process of compiling the new list of members of the Board of Directors as a whole.

SHRIMATI SUSHMA SWARAJ: Sir, his answer is not satisfactory. It is a very specific question. I am not at all satisfied wtth the answer and, I think, even you are not.

SHRI VIREN J. SHAH: And to say that the A.C.C. has not approved is not right. A.C.C. is part of the Government. A.C.C. is not outside the Government. It is not a satisfactory answer that the Appointments Committee has not approved. Then give the reasons why the Appointments Committee of Cabinet has not approved and state for how many months it is lying there.

MR. CHAIRMAN: The Finance Minister has to wait for the decision. The Government has not decided on this. That is the answer. Dr. Mitra.

SHRI ASHOK MITRA: Sir, I hesitatt to offer any additional comment because the Finance Minister has already expressed some impatience with the kind of questions that have been put to him.

There is a fairly widespread impression that these large numbers of vacancies exist on account of the fact that the Government wants to apply the loyalty test: Who will remain loyal to the Government? They have an aversion to appointing independent-minded experts. And part of the reason the kind of scam which has taken place and shaken the base of the economy is this quest for loyalty at the expense of independent attitude. I would very humbly ask the Finance Minister: Would he be prepared to change the criterion for selecting Directors to the banks?

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, I think the hon. Member must be talking of what happens in West Bengal. That is not my answer. I would like to say that.. (Interruptions)....

SHRI ASHOK MITRA: We have survived five elections. You have not survived even one. (*Interruptions*)...

SHRI GURUDAS DAS GUPTA: There is a nightmare which is haunting the Finance Minister. West Bengal is haunting the Finance Minister. (*Interruptions*).

SHRI AJIT P. K. JOGI: Have you appointed anybody not belonging to your cadre? (*Interruptions*).

SHRI GURUDAS DAS GUPTA: Definitely. On many occasions the Communist Party did it. (*Interruptions*)...

MR. CHAIRMAN: That is not the question. The minister is answering.

SHRI MANMOHAN SINGH: The answer to the Member's question it a straight 'No' We appoint people on their merit. Loyalty is considered.

श्री सुशील कुमार संभाजीराव शिन्दे : सभापति महोदय, मैं यह जानना चाहता हूं कि यह जितने भी नेशनलाइज्ड बैंक हैं, हर बैंक में सात मैम्बर बोर्ड आफ डायरेक्टर्स में होते हैं, क्या इसमें कोई शैडयूल्ड कास्ट या शैडयूल्ड ट्राइब्स का मैंबर भी रखा जायेगा या नहीं ? महोदय, आप जानते हैं कि इन लोगों को बैंकों से पैसा लेने का कम अनुभव होता है और इनको पैसा मिलता भी कम है । यह लोग बिजनेस भी नहीं कर पाते हैं । मैं यह जानना चाहता हूं कि क्या आप इनकी अप्वाइंट मेंट में कोई ऐसा क्राइटेरिया रखेंगे जिससे इनको

कुछ स्पेशल सुविधा मिले? क्या आप ऐसा करेंगे?

DR. NAUNIHAL SINGH: The hon. Member should also include the OBCs.

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE: First there should be SCs and STs and then we can go to the OBCs.

SHRI MANMOHAN SINGH: I think I have already mentioned that due care has been taken to give adequate representation to the Scheduled Castes and Scheduled Tribes while drawing up the list of the new Board of Directors. You kindly wait. I think the list is published. You will find that we have taken care to protect the interests of the Scheduled Castes and Scheduled Tribes. It shall be very dear to the heart of our Government.

SHRIMATI MIRA DAS: Mr. Chairman, Sir, as Mr. Mitra has already mentioned loyalty is the criterion for getting into the nationalised banks. It is not loyalty alone. If somebody is related to someone at the higher level, he is selected on the Board of Directors of the Banks even if there are corruption charges and other charges levelled against him. I myself got allegations against one gentleman who is a member of the State Bank of India. He is in the State Bank of India directorate. I don't know whether they have recently changed the Board of Directors. I don't know whether that man has already got an appointment as a member on the Board of Directors, I would like to know from the Minister whether he will look into the corruption charges or not.

SHRI MANMOHAN SINGH: I have mentioned that we do seek advice from various agencies which certify to the antecedents of all members. The hon. Members has referred to a particular case in the State Bank of India. If she passes on the information, I will investigate. (*Interruptions*)... I would investigate if she passes that information.

MR. CHAIRMAN: Question No. 3.

Memorandum submitted by telcom employees against pilot licences to U S firms

*3. SHRIMATI CHANDRAKALA PANDEY:†

SHRI NILOTPAL BASU:

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Telecom employees have resented the award of pilot licences to some US firms through submission of a memorandum to Government;

(b) if so, the details thereof; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI SUKH RAM): (a) to (c) A statement is laid on the Table of the House.

Statement

Sir, the Staff federations have given a joint memorandum demanding;

(1) Stoppage of the fragmentation of telecom services.

(2) Improvement of Customers services.

(3) Implementation of the assurances given to the three federations on retention of DoT and its leading role.

(4) Modification of National Telecom Policy before its implementation.

While fully protecting the interests of the Department of Telecom as well as the customers the National Telecom Policy provides for Pilot Projects to prove new technology and management practices and proposals for establishing such projects are being considered by

†The Question was actually asked on the ffoor of the House by Shrimati Chandrakala Pandey.